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Fiscal Note

Drafting Number: LLS 21-0116
Prime Sponsors: Rep. Arndt

Date: March 15, 2021
Bill Status: House Health and Insurance
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Bill Topic: **ELIMINATE DONOR COSTS FOR LIVING ORGAN DONATIONS**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Diversion
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill requires state-regulated health insurance plans to cover the full cost for a covered individual donating an organ, and prohibits health facilities from charging living organ donors for any costs associated with the donation. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$13,353 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 21-1140

| | | Budget Year FY 2021-22 | Out Year FY 2022-23 |
|---------------------|---------------------------|-----------------------------------|--------------------------------|
| Revenue | | - | - |
| Expenditures | Cash Funds | \$13,353 | \$13,353 |
| | Centrally Appropriated | \$4,477 | \$4,477 |
| | Total Expenditures | \$17,830 | \$17,830 |
| | Total FTE | 0.2 FTE | 0.2 FTE |
| Diversion | General Fund | (\$17,830) | (\$17,830) |
| | Cash Funds | \$17,830 | \$17,830 |
| | Net Diversion | \$0 | \$0 |
| TABOR Refund | | - | - |

Summary of Legislation

The bill requires state-regulated health insurance plans issued on or after January 1, 2022, to provide coverage for health care services related to organ donation for covered individuals acting as a living donor. The insurance plan must cover the full cost of these services without requiring any cost sharing, and may not impose waiting periods or other limitations on this coverage. The Commissioner of Insurance is directed to adopt rules as necessary to implement the requirement.

Beginning January 1, 2022, hospitals and other licensed health facilities may not charge a living organ donor for any costs associated with organ donation.

Background

The bill's required coverage provision applies to health insurance plans that are subject to state regulation. There are three primary markets that are subject to state regulation: the individual, small-group, and large-group markets, with the exception of self-insured employers. About one million Coloradans receive health insurance through such plans. These provisions do not apply to Medicare, Medicaid, military plans, or self-insured employer-based health plans, which are regulated by the federal government.

State Diversions

The bill diverts \$17,830 from the General Fund in FY 2021-22 and future years for review of health plan filings in the Department of Regulatory Agencies (DORA). This revenue diversion occurs because the bill increases costs in the Division of Insurance in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases expenditures by \$17,830 in DORA in FY 2021-22 and future years from the Division of Insurance Cash Fund, and may create costs or workload for other state agencies. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under HB 21-1140

| | FY 2021-22 | FY 2022-23 |
|---|-----------------|-----------------|
| Department of Regulatory Agencies | | |
| Personal Services | \$13,353 | \$13,353 |
| Centrally Appropriated Costs ¹ | \$4,477 | \$4,477 |
| Total Cost | \$17,830 | \$17,830 |
| Total FTE | 0.2 FTE | 0.2 FTE |

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. The Division of Insurance in DORA reviews filings for each health plan subject to the bill, adding about 30 minutes per review for 800 annual filings. The review ensures that coverage meets the requirements set forth in the bill and is appropriately communicated to the policyholder. This work requires 0.2 FTE for a rate and financial analyst.

Department of Public Health and Environment. The department may experience an increase in workload under its duties as the state's health facilities regulator. The requirement that health facilities not charge the donor for costs is assumed to not require further rulemaking or enforcement. Any complaints received regarding this requirement can be investigated through the existing procedure without a change in appropriations.

Potential new benefit mandate. This bill requires that health insurance plans cover a health benefit that may be outside of those identified as essential health benefits in the federal Affordable Care Act, which potentially increases costs to the state. Under the federal law, states may be required to cover health insurers' costs to provide newly mandated health benefits using state funds, rather than the insurer covering these costs using premiums collected from policyholders. At this time, it is unknown if the federal government will require these payments and the potential costs have not been estimated.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$4,477 in FY 2021-22 and future years.

Local Government

To the extent that premiums increase for local government insurance plans in response to additional required coverage, cost increases will be shared by local governments and employees.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$13,353 to DORA from the Division of Insurance Cash Fund, and 0.2 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Personnel

Public Health and Environment

Regulatory Agencies